

[8th April 1953]

MR. SPEAKER :—" I am now going to put the Government motion to the vote of the House. The question is—

' That the Krishna Anicut Enquiry Committee Report be taken into consideration.' "

The motion was put and carried.

(2) THE PUBLIC ACCOUNTS COMMITTEE REPORT ON THE
ACCOUNTS FOR 1948-49.

* THE HON. SRI C. SUBRAMANIAM :—" Sir, I move—

' That the Report of the Public Accounts Committee on the Accounts of the State of Madras for the year 1948-49 be taken into consideration.'

Sir, we are beginning the second post-mortem examination this afternoon. The first post-mortem at least had some subsisting interest. But this post-mortem examination relates to accounts of 1948-49—four years before. I am sure hon. Members will realize that whatever might be the merits of the post-mortem examination, and whatever might be the lessons such post-mortem examination will teach us for our future guidance and conduct, going into the details of the report will not serve any useful purpose at present. Therefore, I submit that this report may be considered formally, and the motion accepted. Because, this is a formality which is required by law."

RAJA MUTHIAH CHETTIYAR OF CHETTINAD :—" Sir, the Hon. Minister has moved that the accounts for 1948-49 be taken into consideration. I want to know when will the report for the later years be placed before the House."

MR. SPEAKER :—" I want to know how much time Members of the Opposition want to speak on the accounts for 1948-49."

SRI P. RAMAMURTHI :—" Sir, the hon. Member Sri K. Krishna Rao, after moving his amendment, will speak for about half an hour. There are only two Members on our side to speak."

MR. SPEAKER :—" The hon. Member Sri K. Krishna Rao will speak for half an hour, and the other hon. Member will speak for about 5 minutes."

* SRI K. KRISHNA RAO :—" Sir, I move the amendment standing in my name, namely—

' Add at the end of the motion the following :—

" and particularly the remarks of the Committee under the head ' State Trading Schemes ' (paragraph 13, page 10) and consider the urgent need to constitute a Committee composed of the members of the Legislative Assembly to examine the accounting and results thereof of the

8th April 1953]

[Sri K. Krishna Rao]

State Trading Schemes, and to make suitable recommendations to ensure correct, regular and systematic accounting of various commodities dealt with under the Schemes."

Sir, the Public Accounts Committee have made some remarks on the basis of the audit report for 1948-49. I would just take out from the Public Accounts Committee report the following paragraphs. 'With reference to these remarks of the Accountant-General, the Food and Agriculture Department have stated that the comment of the Accountant-General taken by itself though adverse in nature does compare favourably when considered along with the observations made by him in respect of the accounts of previous years that while in previous years there were wholesale omissions to maintain accounts and registers in several districts in recent years, the defects pointed out are not of a serious character', etc. Now, the point here is that the accounts have not been maintained. That is the biggest scandal about this thing. Sir, you will please understand the seriousness of the position when I mention it to you that in the State Trading Schemes we have sunk about Rs. 65 crores from 1942-43 up to 1949-50. I have got the Appropriation Accounts given by the Accountant-General. They are only up to 1949-50. From them, you will see that one year's income of the Madras State, namely, Rs. 65 crores, has been invested in State Trading Schemes. What about our losses? I mean absolutely irrecoverable losses, losses which are beyond any hope of being recovered. We find that about Rs. 15 crores have been lost up to 1949-50. They have been lost for ever. Apart from this, a number of items are being written off every year. I shall just read out to you two or three such items. The following are the particulars of items written off:—

5 20
p.m.

Year.		Article.			Value written off.
(1)		(2)			(3)
					RS. LAKHS.
1948-49	--	Rice	..	..	1
1949-50	..	Do.	--	--	2
1948-49	..	Wheat and wheat products	..	..	1
1949-50	..	Do.			1
1948-49	..	Other grains (that is, millet and things like that).			8
1949-50	...	Other grains (that is, millet and things like that).			3

"Then, according to the Report of the Public Accounts Committee, the officers appearing before it have been saying that there has been some improvement in the accounts of 1948-49. Is that really so? If you take the Appropriation Accounts for the year 1949-50 issued by the Accountant-General, you find practically the

[Sri K. Krishna Rao]

[8th April 1953]

very same kind of defects pointed out in 1948-49 accounts reappearing in the 1949-50 accounts. Apart from that, very strange things have come to light. For example, with regard to Rice Trading Schemes in 1949, the following are the remarks made by the Accountant-General :—

‘ The closing stock is reported to have been verified. Shortages of 1,602 maunds of paddy and 3,310 maunds of rice were noticed of which the cost of 216 maunds of paddy has been written off. Regularization of the balance of the shortages detailed below is awaited :—

2,293 maunds of rice relating to 1944-45.’

“ I may state, for the information of hon. Members, that 2 maunds make an ordinary bag. That means regularization of about 1,000 bags in 1944-45 is awaited. In 1945-46 it becomes eleven times that, that is, 22,689 maunds of rice. We have now the accounts of 1949-50. The adjustments or explanations for these shortages have not been furnished. That is the biggest scandal of this Government. The tendency of shortages goes on increasing. The shortage of 22,689 maunds in 1945-46 becomes 27,925 maunds of rice in 1946-47, and 18,362 maunds of paddy and 52,709 maunds of rice in 1948-49. I should like to know what improvement there has been in 1948-49 accounts. The officers appearing before the Public Accounts Committee say that there is an improvement in the accounts. But, from this, it looks as though the shortages began from 1944-45. I may inform the House that the scheme was in operation since 1942-43. From 1942-43, one will be surprised to know, accounts were not being maintained while there was a clear order that accounts should be maintained. The Accountant-General prescribed certain forms of account to be maintained for the State Trading Schemes. He wanted not only annual accounts but monthly accounts to be maintained. He wanted to have monthly returns of profit and loss. Now, these accounts were not maintained. A peculiarity was that the Accountant-General was not in charge of this Accounts Department. It was in the hands of the Civil Supplies Department, which is a part of the Board of Revenue. The Board of Revenue is a State within a State. That is the tragedy of the whole system of administration. The Board of Revenue is not responsible to anybody, because it is a statutory body. It is something like one of the old Nawabs of the East India Company. It is something like Warren Hastings or Clive who became overrich. In the Civil Supplies Department things have gone on in much the same fashion because there was no account at all. I should like to know whether we are living in 1953 or in an era of ‘ no ledgers and no account books ’. I shall presently read out to you for your own information the remarks of the Accountant-General on the 1944-45 accounts. The position was that the 1943-44 accounts have not been given at the end of March 1944. What happened was that they were not given at that time but were given in December 1945. What was the state of accounts?

6th April 1953]

[Sri K. Krishna Rao]

It is said, 'The initial accounts . . . ' This refers to non-delta rice. Then, what becomes of the delta rice? There is absolutely no account for it. The whole thing was shelved. My point is why there is no mention about delta rice. Much of the rice for civil supplies was got from Krishna, East Godavari, West Godavari and Nellore. What happened to that rice? We do not find any reference to it here. With regard to this, I shall just read out to you the remarks of the Accountant-General. They are as follows :—

'The initial accounts were checked by the Chief Auditor of the State Trading Schemes and his Report discloses that the initial accounts were not properly maintained, that the audited figures were collected mostly from the files and registers that were available at the sub-centre.'

My point is that the reconciliation of stock accounts for 1944-45 has not been completed as yet. From 1942-43 we have been sinking money in the rice trading scheme. Where are the accounts for the money spent? The remarks of the Accountant-General reveal that the accounts were just fabricated out of files and registers. This shows to what depth of behaviour we have sunk. We are forced to manufacture accounts not from ledgers and day-books but from files and registers. In this connexion, I would like to tell you, Sir, that it was one of the greatest of misfortunes that during the period of the war when there was the biggest amount of loss to the Government through the Civil Supplies Department, we did not have a Ministry. I would tell those who talk about the work of this Assembly that we will never allow such things to take place and such a report being presented. Because there was no Assembly here they did not prepare accounts in time. This only shows and also reinforces my argument that there is need for a Committee of the Legislative Assembly to go into the question. That is what I am driving at.

5-30
P.M.

"Then, Sir, with regard to the stock of rice remaining at the end of each year, they say that stock verification was made in bags and not by weight. It means that every bag was taken as containing 166 lb. The result was there had been a number of lapses. Now we have got the accounts of 1943-44, 1944-45 and 1945-46. But the accounts of 1946-47 have not been given here and we do not have them up to 1949-50."

THE HON. SRI C. SUBRAMANIAM :—"With regard to 1946-47, it has been finally ratified by the Legislative Assembly. Now what is the use of trying to reopen accounts which have been ratified by the Assembly?"

MR. SPEAKER :—"The Assembly which met in the subsequent year ratified all those accounts."

* SRI K. KRISHNA RAO :—"It has not ratified the missing items."

[8h April 1953]

MR. SPEAKER :—“ When the Assembly ratified the accounts, it must have taken all these items into account.”

* SRI K. KRISHNA RAO :—“ My point is that the Accountant-General has said that from 1944-45 there has been no such thing as reconciliation of accounts. In that particular respect what I am going to say or have said is quite relevant. It is said that some crores of rupees—not one single crore of rupees—have been lost in the rice scheme. Because it is a large sum of money that has been sunk here, because there are serious losses and because there has been a laxity of control on the part of the Government, I insist that the Government should agree to the appointment of a committee to go into the whole case. Nearly 64 crores of rupees are involved and this is no mean sum.

“ Then, there are many other things. For example, rice is procured from the ryots and the Government give this rice in one instance to the quota holders and in another send it to their own depots. From the accounts, it is found that there is no reconciliation between the stock of paddy that is procured from the ryots—or even rice—and the quantity of rice that reaches the godowns of the Government. Suppose 100 puttis of rice have been procured. Whether the same 100 puttis reach the godown or only 50 puttis reach it is not clear at all. This is the case from 1944 up to this date. There is no record to show this and the Accountant-General says that things have been going on like this.

“ Then there is a major defect in the accounts. These accounts are audited not by the Accountant-General but by the Examiner of Local Fund Accounts. What is the principle involved in submitting the accounts of the State Government to the Accountant-General? The principle is that the Accountant-General is responsible to the Government of India and the Auditor-General and, therefore, discharges his duties without any kind of favour. But in the case of State trading schemes, it is not the Accountant-General but the Examiner of Local Fund Accounts that audits the accounts. Why? We know the influence of the members of the Board of Revenue. They are all in all. In fact, they are most senior officers of the I.C.S. and can do or undo the destinies or the prospects of any particular officer. Therefore, this officer cannot point out very serious defects in the accounts particularly of the Civil Supplies Department which would reflect on the administration of the Civil Supplies Commissioner. So, the accounts, to the extent they are given here, have not been in the hands of the Accountant-General. It is said that these accounts are test audited. Sir, there is difference between test auditing and actual auditing. Actual auditing takes into account all receipts, etc. Test auditing, on the other hand, consists in checking one figure here and another figure there and so on. The whole system of accounting with regard to State Trading Schemes shows that there is any amount of laxity of control and losses incurred. There are a number of items showing shortages

8th April 1953]

[Sri K. Krishna Rao]

of stocks. I should like to know what steps the Government are going to take to see that the tax-payer's money is properly accounted for. This is the most elementary duty of any Government of any party, whether it is Congress or Communist. We must first of all be satisfied that money is not thrown into the Bay of Bengal. That is all that I want. There is another aspect to the question. Certain prices have been fixed for certain varieties of paddy such as good kind of paddy should be paid so much and bad variety should be paid a different price. Now from the accounts it is very clear that the price fixed for the first sort has been paid for the second sort paddy and so on."

* THE HON. SRI C. SUBRAMANIAM :—" What is the use of generalising the issue? If you bring to the notice of the Government concrete instances, then I can answer. There is no use of simply saying that first sort price has been paid for second sort stuff. Such general observations will not help to solve the difficulty. If after bringing to our notice specific instances, we do not act, then take any action you like, accuse us as you like. But I am not prepared to act on such general statements."

* SRI K. KRISHNA RAO :—" I am not making any overstatement of facts. I am quoting from the Accountant-General's report."

THE HON. SRI C. SUBRAMANIAM :—" Read the portion where it is said that first sort price has been paid for second sort paddy."

* SRI K. KRISHNA RAO :—" Refer to page 16 of the Appropriation Accounts of 1948-49. It is said—

' Omission to enforce the special cut in prices in respect of purchases not complying with the prescribed standard specifications has resulted in overpayment of Rs. 15,311.'

This amount has been written off by the Government."

THE HON. SRI C. SUBRAMANIAM :—" Does it mean that first sort price has been paid? "

* SRI K. KRISHNA RAO :—" It only means that. The Accountant-General speaks in a technical way. If you want further proof, I will show it from other accounts also."

5-40
p.m.

MR. SPEAKER :—" The hon. Member will have another opportunity to discuss the 1949-50 report. We are now discussing the 1948-49 report."

* SRI K. KRISHNA RAO :—" My point is that there are a number of defects which are of a general nature. These have been brought to the notice of the Government by the Accountant-General and not invented by me at all. I find all these defects pointed out in the reports themselves. They are printed reports and I think these reports must have been made available to the Government."

[8th April 1953]

MR. SPEAKER :—“ The hon. Member has already taken 25 minutes. He should finish within five more minutes.”

* SRI K. KRISHNA RAO :—“ Therefore, what I say is, there has been any amount of laxity. I should like to know what we should do in regard to these matters and what is going to be the future of the State Trading Schemes? We are all anxious that these schemes should get on and something should be done to check this laxity of control. What is now happening is, there is no control and the whole thing is let loose. Supposing in a particular co-operative society, there are no proper vouchers for about ten items of expenditure, what would the Government do? Drastic steps would be taken by the Government. I have known instances where for such mistakes, societies have been superseded. Take the case of local boards also. If one-hundredth of the defects that you notice in the accounts of the Government were noticed in the accounts of the local boards, the local boards would be superseded and the presidents prosecuted and a big fuss will be made about them. My Hon. Friend Sri Manickavelu Naicker is fond of saying that the officials are an epitome of virtue and the non-officials the epitome of vice and that therefore the non-officials concentrate in themselves all vice and the officials all virtue. Now if that be the case what have the Government done with regard to these defects pointed out by the Accountant-General? If an enquiry were to be made into these things, it would not be surprising to find that most of the officials who were responsible for these defects had got adequate promotions! That is the way in which Government service is working. Therefore I think, we hon. Members on this side of the House as well as on the other side—I do not mean to say this is a party question; it is a question concerning the dignity of the Assembly—have a right to know what steps were taken by Government to rectify defects. We find Government funds have been wasted, they have not been properly accounted for, the whole thing has been mis-managed and is in a mess. I have just referred only to one question, namely, rice. I have not touched that part of the Trading Scheme under the control of the Director of Agriculture. That is a big question by itself. So also is the case of wheat and wheat products. There are many other things. The report shows that supervision is lax. It looks as though nobody is there to find out the causes even when large stocks are unaccounted year after year. From the year 1942-43 there have been shortages. The whole trouble was those were Advisers' days. They did not care for these things. But when a new Government came to power, and that too a Congress Government, whether it be good, bad or indifferent, they had an Assembly and the Government had to come before the Assembly with the accounts. Till that time the accounts were not looked into. Let the bag be quarter full, or half full or not be full at all, they would say : ‘ There are so many bags; multiply that by 166 lb. that is the total stock.’ That was the way the Advisers managed the accounts. But now it is

8th April 1953]

[Sri K. Krishna Rao]

different. The Government is responsible to the Assembly. Therefore we have a right to know what Government propose to do with all these shortages. Are they going to write them off? One day or other Government will be faced with that problem. The whole thing began and is pending from 1942-43. In this connexion I may be permitted to inform the Hon. Minister for Finance that the 1942-43 rupee is equivalent to six 1952-53 rupees. Let him just remember that. There has been so much of loss. There has been mismanagement. There has been no check at all on the State Trading Schemes. What are the Government going to do with these things? Let us know where we stand. The Hon. the Finance Minister said there was a deficit in the Budget. It is a matter of surprise to me how there is only such a small deficit when we have lost not one or two but 15 crores of rupees. If we take into account other irrecoverable losses and the stocks to be written off, we do not know what our losses would amount to. What are we to do with these things? There has not been any co-ordination. The whole thing has been allowed to go as it is from year to year. From the year 1945-46 the accounts have not been adjusted. The same defects and discrepancies are there still. My suggestion is that the Legislative Assembly must constitute a committee and the committee must find out what has happened and what has got to be done. Another suggestion of mine is that the auditing of these State Trading Schemes should be left to the Accountant-General and not to the Examiner of Local Fund Accounts. The Examiner cannot in the nature of things discharge his duties and functions effectively as the Accountant-General can. The Accountant-General is a Government of India official. Another thing, the Government should submit a report of what has become of these shortages, how much could be recovered and how much has got to be written off, and who were the persons responsible for the shortages. The Government had given definite instructions regarding the running of these schemes, the preparation of accounts and all that. If the Government servants did not carry out their duties properly for the past three years, I should like to know whether this is a Government or whether this is anarchy. Year after year the Accountant-General has been pointing out that this has not been done, that account has not been maintained and so on. In spite of this, the defects continue to be the same. We are dealing with people's money and it cannot be allowed to drift like this. Therefore we have to take up this question seriously and constitute a committee to go into the whole affair and find out where we stand and what we should do in the future. We do not want to liquidate these State Trading Schemes which deal with such scarce commodities, like rice and serves a public need. So also with regard to wheat and wheat products, chemical manures, iron implements and all that. My idea is that these State Trading Schemes should be encouraged and developed on right lines. There should be no scope for such kinds of fraud, for such kinds of lapses which are very serious and which are really a blot upon the administration

[Sri K. Krishna Rao]

[8th April 1953]

in a State like that of Madras which has always established a tradition for good administration. For these reasons, Sir, I commend the amendment for the acceptance of the Government."

SRI P. RAMAMURTHI :—" Sir, in seconding the amendment, I would like to point out one thing. It is not as if this is just a post-mortem examination. It has been brought to light that so much money belonging to the public has been mishandled by certain officers. Whatever be the changes in the Government, we have to realize that the officers are continuing to be in office. If really they mismanaged the funds of the public, then certainly we have got to see how these things happened and if the officers are found guilty of serious offences, mismanagement, swindling or some such thing, we have to take action against them. This is the purpose of the discussion on the Public Accounts Committee Report. The Committee always goes into the accounts of previous years and later places before the House a report. We have to take action on the report of the Committee. Whatever be the changes in the Government, the Government servants continue in service and we have to take suitable action to see that the personnel of the services is above corruption, that they keep to certain standards of public conduct with regard to the expenditure of public funds. It has now been brought to the notice of the Government by my hon. Friend Sri Krishna Rao that nearly 15 crores of the hard earned tax payers' money have been thrown away, wasted or misspent under the State Trading Schemes. If such a huge loss has occurred then certainly we have got to go into the whole matter."

5-50
p.m.

SRI C. V. K. RAO :—" Mr. Speaker, I move the amendment standing in my name—

'Add at the end the following :—

"and that the recommendation of the Committee (page 15) that there is no need to present demands to the Legislative Assembly to cover the excess over the voted grants during 1948-49 be rejected."

While moving my amendment, I do not want to make a very long speech, not even a moderate speech. But I would like to draw the attention of the Hon. Minister for Finance that he is dismissing this Public Accounts Committee Report in a very casual way. I wish he had given much more importance to it. Sir, the Public Accounts Committee is a Committee constituted by the Assembly to keep a check over the way in which the Government have spent the moneys that have been voted by the Assembly. Now, the Hon. Minister for Finance says that the 1948-49 accounts are being presented to the Assembly and they are out-dated and therefore he wants us to dismiss it in a casual way. That it is outdated is his fault. He should be presenting now the 1950-51 accounts. The Appropriation Accounts for the year 1948-49 along with the Public Accounts Committee Report should have been presented last year itself, but he did not do it. Whatever may be the reasons, we

8th April 1953] [Sri C. V. K. Rao]

are not bothered about the Hon. Minister himself. We are bothered about the Finance Department which has got to conform to certain rules and which has got to satisfy the House that the Government are spending money as voted by the House. That is why the Public Accounts Committee is constituted to go into those details. But, now the Public Accounts Committee which has been constituted for the purpose comes out with a recommendation that there is no need to present demands to the Legislative Assembly to cover the excess over the voted grants during 1948-49. Sir, if this goes unchallenged by this House, surely it will be a very serious blunder and every one of us would be committing a breach of the Rules of Procedure of the Madras Legislative Assembly. All excesses must be passed by this House and we have got to consider the Report. Mr. Subramaniam wants us just to casually dismiss that. Sir, if this goes unchallenged, surely we will be answerable to the electorate and we will be setting a very bad example in allowing the Finance Department to go unguided. I only want to say that the Hon. Minister cannot so easily dismiss these matters. These are all checks put on the Executive to see that moneys are spent properly and for that purpose the reports are placed before the House and even if one Member sits here, it is his responsibility to criticize and advise the Department to supervise properly and not merely misguide the House. With these remarks, I move my amendment."

* SRI VAVILALA GOPALAKRISHNAIAH :—" Sir, I second the amendment moved by my hon. Friend Sri C. V. K. Rao. The Hon. Finance Minister asked us to conduct a *post-mortem* examination. For the *post-mortem* examination, we have to dissect the body, dissect every limb to see how it is and what parts it contained. We have therefore to weigh every issue. If we go through the accounts, the accounts are not limited; the money is not limited; but the time is limited. Every Hon. Minister says: 'You go to the Finance Department and enquire'; it is better if they allow us to go to the Finance Department. But I know the Finance Department will say 'Everything is confidential; You please go to the Assembly'. Now, in the Assembly we find excess expenditure under some heads and savings under some other heads. For instance, the entire provision of Rs. 1,63,900 under '81-A. Capital Outlay on Electricity Schemes—I. Hydro Electric Schemes—Post-war Reconstruction—E. Ceded Districts Scheme—d. Suspense—London Stores' was left unspent. In respect of Vijayavada Thermal Scheme also, there was a saving of Rs. 5,90,827 out of a total appropriation of Rs. 7,45,000. I can show many such discrepancies. In another case, the reasons for saving under the head '50. Civil Works—Works—b. Original Works—Communications—I. Ordinary Areas—Post-war Reconstruction' were: 'The savings represent the total of individual savings under different items of works and were due to unavoidable circumstances, such as non-completion of land acquisition, non-receipt of tenders, non-adjustment of cost of materials, non-receipt of steel and cement, want of technical sanction to estimates, late settlement of tenders

[Sri Vavilala Gopalakrishnaiah] [8th April 1953]

and postponement of works. These factors could not be foreseen in time'. Sir, that is the whole crux of this Report. If I go like this, the dissection will be very stinking. Sir, the amounts provided for in the budget must be carefully spent. But the Government spend more and come with a Revised Budget to the Assembly. When the accounts come to the Assembly for scrutiny, those who voted for the amounts are not here and they are nowhere. Now we are asked to accept them. While a certain amount was intended to be spent for some purpose and the Executive spent it for some other purpose, Government say, 'Please accept it'. How unfair and unconstitutional it is, Sir? The absurdity of the Constitution is seen here."

MR. SPEAKER :—" That is the case everywhere. In England the Appropriation Accounts come up for discussion after two years."

* SRI VAVILALA GOPALAKRISHNAIAH :—" The constitutional difficulties are there. But what I wish to represent to the Government is that whenever they present any memorandum or budget figures, they should not say that there is a surplus or saving nor should they put forward the usual explanation of 'unavoidable circumstances', etc."

* THE HON. SRI C. SUBRAMANIAM :—" Mr. Speaker, I would first answer the charge that the Public Accounts Committee Report has been brought for discussion at a very belated stage. Only a few dates will convince the hon. Members that nobody is to be blamed for this state of affairs. The accounts for 1948-49 have got to be finalized and then submitted for audit by the Accountant-General. The Appropriation Accounts for 1948-49 were finalized and submitted to the Government on the 4th June 1951 by the Accountant-General and the Auditor-General. If we look at the Appropriation Accounts and the Audit Report for 1948-49, we will find that it is dated 'New Delhi, 4th June 1951'. After that date, the Public Accounts Committee appointed by the Assembly of this State has scrutinized that Report during February 1952 and submitted their report in March 1952. Of course, the previous Assembly could have discussed it. But that was an Assembly which was to lay down its office very soon and so it was thought that the succeeding Assembly could discuss it. Sir, this was on the agenda for every sitting of this Assembly. But unfortunately, because this related to 1948-49, with the concurrence of the Leaders of Opposition who were functioning then it was being postponed from time to time and due to pressure of time and because it cannot be postponed further, it had to be taken up now. Neither the Finance Department nor anybody else is responsible for the delay. It is due to the circumstances I mentioned already that it is coming up for discussion now a year later. It could have been discussed at least in the previous year, i.e., April 1952. But it could not be done because this was a new Assembly at that time and we could not take it up as we had other important work to attend to.

8th April 1953]

[Sri C. Subramaniam]

“ With reference to the charge of the hon. Member Mr. C. V. K. Rao that the Public Accounts Committee had been purposely misled and that they had been asked to make a recommendation that Demands to cover the excess need not be presented to the Legislative Assembly, I regret to say that the hon. Member had not gone through the report of the Public Accounts Committee thoroughly. Had he done so, he would not have made this charge. I would request him to read page 41 of the Report of the Public Accounts Committee. Originally the Government of India asked us to present Demands to cover the excess under voted grants based on the Report of the Public Accounts Committee. Later on the Government of India in consultation with the Accountant-General and the Auditor-General after careful consideration came to the conclusion that this procedure need not be adopted.” 6 p.m.

SRI C. V. K. RAO :—“ On a point of order, Mr. Speaker.”

THE HON. SRI C. SUBRAMANIAM :—“ I know it is not a point of order.”

MR. SPEAKER :—“ The hon. Member says it is a point of order.”

THE HON. SRI C. SUBRAMANIAM :—“ All right Sir, let us hear him.”

SRI C. V. K. RAO :—“ The Hon. Finance Minister is not correct in misquoting me, Sir. I shall read for him what I had actually said”

MR. SPEAKER :—“ That is not a point of order. The Hon. Finance Minister may now continue.”

* THE HON. SRI C. SUBRAMANIAM :—“ You, Mr. Speaker, may be well aware of the fact that the regularization of the excess expenditure by the Legislature by voting on excess grants was made only under a long established convention under rule 132 of the Madras Legislative Assembly Rules issued under section 84 of the Government of India Act, 1935. But after the passing of the Constitution the position is different. Articles 115 (1) (b) and 205 (1) (b) of the Constitution of India, however, provide in specific terms for the regularization of such excess expenditure. But these provisions could not strictly be applied to the excess expenditure relating to the periods prior to 1st April 1950. The question arose therefore as to how the excess expenditure relating to the previous years 1946-47, 1947-48, 1948-49 and 1949-50 should be regularized. So far as the expenditure for the year 1946-47 was concerned, the usual procedure of regularization by the Legislature was followed in 1949. The Government of India have since decided that it would be best to waive the formal regularization of these excesses by the Legislature by voting on demands. In reaching this conclusion, the Centre took into account the fact that the real purpose of the voting on such excess grants was to give the Legislature an opportunity to debate on the irregularities which resulted in the

[Sri C. Subramaniam]

[8th April 1953]

excesses, and that the Legislature would still have this opportunity, apparently while considering the Report of the Public Accounts Committee on the Appropriation Accounts of the year concerned. The Government of India have also stated that the Appropriation Accounts and the Comptroller and Auditor-General's reports thereon will be prepared in the usual manner, and will draw attention to the excesses normally requiring regularization.

"Accordingly the Public Accounts Committee came to the conclusion in accordance with the recommendation of the Government of India that no demands need be moved in the Legislature to cover the excess over voted grants for the year 1948-49. Therefore, hon. Members may clearly see that the allegation of Mr. C. V. K. Rao that the Public Accounts Committee had been misled is clearly wrong.

"So far as the present position is concerned it is really different. We are now governed by the specific Article, viz., Article 205 of the Constitution which provides in specific terms for the regularization of such excess expenditure. So far as the accounts of 1947-1948 was concerned, the then Government came to the conclusion in spite of the recommendation of the Government of India that it would be better if the old method of getting a direct vote of the Legislature on the excess expenditure of the accounts of 1947-48 was adhered to. Accordingly the vote of the Legislature was obtained on the excesses over the voted grants for the year 1947-48 in March 1951. The recommendation of the Public Accounts Committee was requested in regard to the presentation of demands to the Legislative Assembly to cover the excesses over the voted grants during 1948-49. Their recommendation that demands need not be moved over the same is now before the House. This I have already referred to in the beginning.

"Hon. Members should also realize some of our practical difficulties. The hon. Member Sri Vavilala Gopalakrishnaiah characterised our preparation of accounts as a 'mis-conception'. For example let us take the head 'Land Acquisition'. We allot a certain prescribed sum for the same. Hon. Members should know that these land acquisitions should be done by the district authorities. Usually land acquisition proceedings take a long time. Our financial year closes with 31st March. It may happen that by that time the amount set apart by us initially under the head 'Land Acquisition' would not have been fully spent. Therefore it would be quite incorrect to say that our maintenance and preparation of accounts is misconceived. The possibility of some excess amount over the prescribed one being spent over the head 'Land Acquisition' cannot also altogether be precluded. Therefore I would request the hon. Member Sri Vavilala Gopalakrishnaiah to try to understand all these before beginning to offer criticisms.

"Let me now come to the State Trading Schemes. Of course it is true that there had been several defects in the maintenance of accounts in the various offices of the Civil Supplies Department.

8th April 1953] [Sri C. Subramaniam]

In the test audit of the accounts of certain select offices, it was revealed that the maintenance of accounts in those offices left considerable scope for improvement and that there were several defects in the maintenance of these accounts, e.g., reconciliation between the advice of movements of stores received from the supply officers and the quantities actually received was not effected by the Collectors of districts and the officers in charge of stores, and quota-holders had not maintained their accounts properly. Hon. Members should know that the Government was not sufficiently experienced in State Trading Schemes. At the beginning of the State Trading Schemes, it was but natural that the Government encountered some difficulties in the maintenance of accounts in the initial years. Hon. Members cannot blame me for the improper maintenance of accounts so far as these State Trading Schemes were concerned in respect of the years 1944-45, 1946-47, 1947-48 and 1948-49. I had recently discussion with the Accountant-General, Madras, and he has assured me that from the year 1952-53 the accounts were being maintained in a correct manner. So when the accounts of the succeeding years and this year come before the House, hon. Members may accuse me (if I happen to be here) for any defects in the accounts. I hold myself responsible for the same.

“ Hon. Members should realize that we are dealing not with small quantities, but with 10,00,000 tons of rice. Naturally, we have to make some allowance for some quantity on account of decay in storage. Pilfering in transport cannot also be excluded. Our railways are not free from that evil. Hon. Members may know the same. Just now, I have received a telegram stating that about 200 tons of rice stored by some P.C.C. Society in Malabar have become rotten due to bad storage. We have the same difficulty in our own homes also where we deal with a few bags of rice, viz., 24 measures. Some portion becomes bad. That cannot be helped. Therefore if due to extraneous causes we incur some loss in transit we cannot be blamed for it. How are we to locate the persons responsible for our losses in the years 1944-45, 1945-46, 1946-47, 1947-48 and 1948-49? Five years have rolled by. How is it humanly possible for us now to find out the guilty persons at this distance of time. Therefore let not Sri Vavilala Gopalakrishnaiah unnecessarily blame me or the Government. Therefore, no useful purpose will be served by the appointment of a committee to go into the accounts of 1944-45 or 1948-49, at this distance of time and no evidence also will be available. As a matter of fact, if I thought it would serve any useful purpose, I would have been the first person to do this, as soon as I took charge of office; I would not have waited till the hon. Member Mr. Krishna Rao made the suggestion; if I was certain that it would be possible to fix the responsibility on any of the officers, I would have taken action myself. Unfortunately, as I said, it is not possible to fix the responsibility, and the mere appointment of a committee would mean further expenditure—because they will have to go about from place to place and to the places where all these things were happening—and it will not

6-10
p.m.

[Sri C. Subramaniam]

[8th April 1953]

serve any really useful purpose. I agree with Mr. Krishna Rao that we are dealing with public money, money belonging to others; and where expenditure of other people's money is involved, we should be very very careful, as careful as possible under the circumstances. I agree that if anything wrong has been done, we cannot neglect it, and if possible, action should be taken. But unfortunately, due to the lapse of time, no evidence is available now and we are unable to locate the officers who were responsible for this; if that is possible, the loss may be recovered from them or proper action may be taken against them. That is why it is stated here that these losses have to be borne by the Government. I do not under these circumstances see, Sir, why Mr. Krishna Rao should press for the appointment of a committee to go into all these things.

"Then, with reference to the audit, the Examiner of Local Fund Accounts examine the accounts. The Accountant-General is responsible to the Government of India. It is not possible for the Accountant-General to do the entire audit. It is generally the Examiner of Local Fund Accounts who does the auditing, and then there are test audits conducted by the Accountant-General after the audit by the local fund auditors is over. So it is not left completely to the discretion of the local fund auditor to say whether the accounts are correct or not. As I said, the accounts are test-examined by the Accountant-General also. Taking all these things into consideration and also taking into consideration the improvements we have made in maintaining the accounts in recent years, I would request Mr. Krishna Rao not to press his amendment for the appointment of a committee which would really serve no useful purpose. That is all, Sir, on that particular matter.

"Then Mr. Muthiah Chettiyar asked me when the subsequent year's accounts are going to come up for discussion. Unfortunately, it is only just now that the Public Accounts Committee finished its deliberations regarding the scrutiny of the subsequent year's audited report. That was mainly due to the fact that all of a sudden, the person who was the Chairman of the Public Accounts Committee ceased to be a Member of this House; we were left in the lurch, and we had to elect another person as Chairman, and then only we could continue our deliberations. As I said, we have just finished the scrutiny and I am sure the Public Accounts Committee report will be made available to the House very soon. As soon as it becomes available, we will make it possible for the House to discuss that; or if that is not possible, the two Legislatures of the two new States may discuss the report. Anyway, it is not possible to say just now whether this House will be in a mood to discuss the Public Accounts Committee report when we assemble here next to discuss the question of the Andhra State partition. If that is possible, I shall only be too glad to have the matter discussed by this House at the next meeting."

SRI K. KRISHNA RAO :—"My object in bringing forward the amendment is to bring to the notice of the House the serious

8th April 1953] [Sri K. Krishna Rao]

irregularities committed and in view of the fact that Mr. Subramaniam, as he says, is taking steps to ensure correct accounting in the future, I have no objection to withdraw my amendment."

* The amendment was, by leave of the House, withdrawn.

SRI C. V. K. RAO:—"Sir, I am not prepared to withdraw my amendment. I think the Finance Minister can as well accept it. It is not his Government's accounts on which a report has been prepared by the Public Accounts Committee; it relates to the accounts of some other Government. Therefore, he can as well accept my amendment.

"As far as the remarks of the Committee regarding the presentation of excess demands to the House are concerned, I think the Committee has not collected the materials correctly. Under Rule 132 of the Madras Legislative Assembly Rules issued under the Government of India Act of 1935, it is a long-established convention that such excesses should be presented to the House. And what is more, under rule 135 of the Rules of Procedure of the Madras Legislative Assembly, it is clearly stated—and the Chair must implement these rules—that—

'If any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause to be presented to the Assembly a demand for such excess. Such demands for excess grants shall be dealt with by the Assembly, as if they were demands for grants: '

Mr. Subramaniam has accepted that there is a provision under Article 205 of the Constitution that such excess demands should be presented before this House. Taking all these things together, I am sure he will consider that the way in which the Committee has written its recommendation is not correct, and therefore I suggest it should be rejected and the matter should be discussed, considered and decided upon. I submit, Sir, that my amendment is not in any way a censure on the Government."

* THE HON. SRI C. SUBRAMANIAM:—"It is not a censure, I know; but it is only the procedure I am referring to. Unfortunately, by accepting the amendment, we won't be closing the discussion of the 1948-49 accounts even to-day because I will have to bring forward Motions in the form of demands in respect of all these items. Let the hon. Member please take it from me that that is the effect of my accepting his amendment. If I have to present a demand, naturally it means that we must have another discussion on the demand, which I present, and the discussion of the 1948-49 accounts will not be over to-day. That is why, considering the fact that these accounts relate to the year 1948-49, I request Mr. C. V. K. Rao not to press his amendment. With regard to the future, we will certainly see that the proper procedure is followed."

[8th April 1953]

SRI C. V. K. RAO :—“ No, Sir, I am pressing the amendment.”

MR. SPEAKER :—“ I will put Sri C. V. K. Rao's amendment to the vote of the House. The question is—

‘ Add at the end the following :—

“ and that the recommendation of the Committee (page 45) that there is no need to present demands to the Legislative Assembly to cover the excess over the voted grants during 1948-49 be rejected. ” ” ”

The amendment was put and lost.

MR. SPEAKER :—“ I will now put the main motion to the vote of the House.”

* SRI VAVILALA GOPALAKRISHNAIAH :—“ On a matter of personal explanation, Sir, the Hon. Minister said I was speaking half-digested thoughts. The fact is, they are not half-digested to me, but the Hon. Minister for Finance was not able to swallow the facts I mentioned.”

MR. SPEAKER :—“ The question is—

‘ That the Report of the Public Accounts Committee on the Accounts of the State of Madras for the year 1948-49 be taken into consideration.’ ”

The motion was put and carried.

MR. SPEAKER :—“ The House will now adjourn *sine die*.”

The House then adjourned *sine die*.

VI.—PAPER LAID ON THE TABLE OF THE HOUSE.

Notification issued with G.O. No. 506, L.A., dated 9th March 1953, regarding exclusion of certain villages from the jurisdiction of the Tirunelveli District Board. [Laid on the table under sub-section (5) of section 3-A of the Madras Local Boards Act, 1920.]